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Program Review:  
Department of Elementary  
& Secondary Education:  
Professional Development

***Prepared for the Committee on Legislative Research  
by the Oversight Division***

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***February, 1998***

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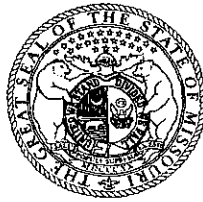
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STATE CAPITOL  
JEFFERSON CITY, MISSOURI 65101-6806

February , 1998

Members of the General Assembly:

The Joint Committee on Legislative Research adopted a resolution in May, 1997, directing the Oversight Division to perform a program review of the Department of Elementary and Secondary Education - Professional Development which included the examination of records and procedures in the Department of Elementary and Secondary to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation.

The accompanying report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates.

Respectfully,

*Harry Wiggins*  
Senator Harry Wiggins, Chairman

*Larry Thomason*  
Representative Larry Thomason, Vice Chairman

## **PROGRAM REVIEW OF THE DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION PROFESSIONAL DEVELOPMENT FUNDS**

### **Summary of Oversight Division's Findings**

The Department of Elementary & Secondary Education is allocated two percent of total state aid for education for the purpose of administering professional development funds for school districts in the state, addressing statewide areas of critical need and awarding Success Leads to Success grants. Total funding for these purposes amounts to roughly \$26 million annually. One percent of state aid is to be allocated to professional development with funds to be used for purposes determined by the school district's professional development committee in accordance with the district's school improvement plan. Thirteen areas of critical need are outlined in state statutes as areas to be addressed with ninety percent of one percent of state aid. These areas include such issues as ensuring all children are successful in school, providing resources to academically deficient schools, implementing recommended curriculum, expanding antidrug programs and promoting programs to combat gang activity, training of members of boards of education, etc. Ten percent of one percent of state aid is to be used for grant awards for the Success Leads to Success grant program to recognize, disseminate and exchange information about the best professional teaching practices and programs in the state.


**Were Critical Need and Success Leads to Success grants awarded in accordance with state statutes?** DESE has not complied with state law which requires promulgation of rules for the distribution of critical need funding. As a result DESE has been awarding critical needs grants without clear guidance since 1994. Additionally, it appears the Commissioner of Education has not been obtaining the advice of the Commission on Performance and Missouri Advisory Council of Certification for Educators as required by statute. The Commission has not had a meeting pertaining to the statewide areas of critical need since October, 1993.

**Were Grants awarded using objective criteria?** The statewide areas of critical need and Success Leads to Success grants are not awarded by DESE based on an objective, competitive process. DESE also had no formal process for advertising the availability of the grant funds to qualified applicants. For example, the Practical Parenting Partnerships is a center located in Jefferson City for training schools in the entire state. The grant for the administration of the center was awarded to Jefferson City Public Schools in the amount of \$360,000 in fiscal year 1998, \$360,000 in fiscal year 1997, \$260,000 in fiscal year 1996 and \$200,000 in fiscal year 1995. The files do not indicate that any other Missouri public schools or organizations were considered in determining the grantee for the center. DESE does not require grantees to submit their grant applications, budget, or final expenditure reports in a standard format. Without comparable information about each grantee, the merits of the grant proposals are not likely to be objectively evaluated.

**Were expenditures adequately monitored by DESE?** DESE does not perform monitoring of the professional development grant expenditures or program accomplishments to assure that funds are spent appropriately in order to achieve program objectives. DESE has not redirected staff for this function and has not requested staff through the budget process. In FY 95, DESE hired two

employees, a supervisor and a secretary, to administer the grant programs. However, these two people are only involved in administering one specific professional development program. Due to a lack of program monitoring and oversight, DESE is reimbursing grantees for expenditures which have not been verified and projects are continuing from year to year without DESE's determination that the projects annually meet their intended purposes. A systematic evaluation project was contracted at a total of \$189,846. DESE made payments for work on the evaluation of \$76,104 without receiving a deliverable draft as stipulated in the contract.

This report includes recommendations to the appropriate legislative committees and to department management. The Department of Elementary & Secondary Education's official responses to the findings and recommendations are incorporated into the report. Our review was conducted in accordance with generally accepted government auditing standards. We did not examine departmental financial statements and do not express an opinion on them.

  
Jeanne A. Jarrett, CPA, CGFM  
Director, Oversight Division

## **Introduction**

The Joint Committee on Legislative Research directed the Oversight Division to conduct a program review of the professional development programs of the Missouri Department of Elementary and Secondary Education (DESE). The purpose of the review was to determine whether the programs were performed efficiently and effectively, were administered as authorized or required by law, and conformed with statutory intent.

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## **Background**

The Outstanding Schools Act includes section 160.530, RSMo, related to professional development. This section allocates state aid for professional development (PD) to school districts and distributes PD funding for statewide areas of critical need and the Success Leads to Success grant program. This results in two separate one percent allotments from the state aid otherwise distributed to school districts. One allocation is distributed to school districts to be used for PD as determined by the districts' professional development committees, and the other allocation is used by DESE to address statewide areas of critical need and award Success Leads to Success grants. Each of the two separate one percent budgets amounts to approximately \$12.5 million in fiscal year (FY) 1997, \$11 million in FY 1996, and \$9.6 million in FY 1995. Approximately \$13 million is budgeted for FY 1998 for each one percent allocation, for a total of \$26 million.

### Professional Development Committees

Beginning with fiscal year 1994, school districts are required to allocate one percent of their state aid to the professional development committee (PDC) of the district. Seventy-five percent of the annual amount is required to be spent in the same fiscal year. The expenditures are to be made for purposes determined by the school district's professional development committee and in accordance with the district's school improvement plan.

### Statewide Areas of Critical Need

Section 160.530, RSMo, also requires ninety percent of one percent of DESE's appropriation otherwise distributed to public schools to be disbursed to address statewide areas of critical need, beginning with fiscal year 1994. The statutes include thirteen areas of critical need, including:

1. Providing resources specified by management teams in districts with academically deficient schools;
2. Grants to school districts which are failing to achieve assessment standards;
3. Ensuring that all children are successful in school;
4. Increasing parental involvement in education;
5. Providing information to assist school administrators and teachers in understanding site-based decision making;
6. Implementing recommended curriculum frameworks as outlined by the academic performance standards;
7. Training in new assessment techniques for students;
8. Cooperating with law enforcement authorities to expand successful antidrug programs for students;
9. Strengthening existing curricula of local school districts to stress drug and alcohol prevention;
10. Implementing and promoting programs to combat gang activity in urban areas of the state;
11. Establishing family schools, whereby such schools adopt proven models of one-stop state services for children and families;
12. Expanding adult literacy services; and
13. Training of members of boards of education in areas deemed important for the training of effective board members as determined by the State Board of Education.

DESE addresses the statewide areas of critical need by awarding grants to agencies allowed by statute, including colleges, universities, private associations, professional education associations, statewide associations organized for the benefit of members of boards of education, public elementary and secondary schools, and other organizations that provide professional development opportunities for teachers, administrators, and boards of education.

### Success Leads to Success

Beginning with fiscal year 1994, the statutes require ten percent of one percent of DESE's appropriation otherwise distributed to public schools to be expended in grant



awards for the Success Leads to Success grant program. The purpose of the program is to recognize, disseminate and exchange information about the best professional teaching practices and programs in the state that address student needs and to encourage the staffs of schools to develop school-to-school networks to share practices and programs.

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## Objectives

The Oversight Division had three main objectives in performing the review. The first objective included determining if the critical need and Success Leads to Success grants were awarded in compliance with the statutes using objective criteria and were adequately monitored by DESE. The second objective was to ascertain if professional development committee funding was used by school districts as intended by statute. The final objective determined the amount and source of budgeted state funds used to support the PD programs and administration.

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## Scope

The scope of the review encompassed DESE's grant award and monitoring process, the use of the professional development committee funding and the amount and source of budgeted state funds used to support the PD programs and administration. The period covered by the review included state fiscal years 1994 through 1997.

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## Methodology

The Oversight Division conducted the review in accordance with Government Auditing Standards issued by the Comptroller General of the United States as those standards relate to performance audits. The methodology used by the Oversight Division included tests of samples of transactions and evaluations of management controls to the extent necessary to fulfill the review objectives. Personal interviews with agency personnel were conducted, and tests of controls and procedures were performed. DESE and school district personnel provided documentation, including

grant files, professional development committee minutes and expenditures, and budget documents reviewed by Oversight Division staff.

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## Findings, Recommendations

### Agency Responses

<b>FINDING #1:</b>	<b>DESE does not perform monitoring of the professional development grant expenditures or program accomplishments to assure that funds are spent appropriately in order to achieve program objectives.</b>
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DESE has a professional development budget approaching \$13 million and is responsible for awarding grants for statewide areas of critical need and Success Leads to Success programs. However, DESE has not instituted regular monitoring of the grant expenditures and program accomplishments. Although the Department guidelines require final expenditure reports at the end of the grant period, these reports are not compared to third party detailed invoices documenting actual expenditures by the grantees. Grantees submit narratives of program accomplishments at the end of the award period, but DESE does not appear to evaluate if the programs actually accomplished their intended purposes. Also, some grantees have their own audits performed, but DESE does not require PD audits and does not follow up on PD findings included in the audit reports.

DESE has not redirected existing staff resources to monitor professional development grants, and no effort has been made to obtain additional staff through the budget process. In FY 1995, DESE hired two people to administer the grant programs. However, these two people, a supervisor and a secretary, are only involved in administering one specific professional development program.

As a result, DESE is reimbursing grantees for expenditures which have not been verified by DESE. Also, projects are continuing from year to year without DESE's determination that the projects annually meet their intended purposes.

### **RECOMMENDATION TO FINDING #1**

The Oversight Division recommends DESE allocate existing staff to perform monitoring of the PD grants or request additional resources through the budget process to enable DESE to effectively monitor the programs.

### **Agency Response to Finding #1**

*Currently, the Department has allocated its limited resources to administer the Professional Development grant process. To stay within the current resources, each grant includes a required evaluation piece.*

<b>FINDING #2:</b>	<b>DESE does not reimburse grantees based on actual expenditures or consistently receive expenditure reports before reimbursing grantees.</b>
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DESE's policy of reimbursing grantees is not based on the actual expenditures of the grantees. Instead, DESE reimburses based on flat percentages. DESE's award letters state that one half of the grant award is reimbursed at the beginning of the grant award period, one fourth is funded at mid-year, and the balance of one fourth is paid upon receipt of the grantee's final expenditure report. DESE only requires a letter on the grantee's letterhead, stating the document is an invoice requesting partial payment for the grant, with the amount of the payment requested (50% or 25%) and the signature of the requestor. Therefore, documentation of actual expenditures is not required.

Even though DESE possesses the administrative authority over the awarding of \$13 million in grant funds, the Department does not carry out proper oversight of the actual expenditure of the funds. It was noted that DESE paid the entire grant award for sixteen programs for FY 1995, eight programs in FY 1996 and six programs in FY 1997 but did not have on file the final expenditure reports from the grantees at the time the final payments were made. DESE did not consistently receive a final expenditure report for grants before making the final grant payment. Therefore, grantees obtain grant reimbursements without being accountable to DESE for actual expenditures.

## **RECOMMENDATION TO FINDING #2**

The Oversight Division recommends that DESE obtain periodic expenditure reports from the grantees with original invoices supporting the expenditures to ensure that grantees are not reimbursed for more than they spend during the grant period, and expenditures are relevant to the grant.

## **Agency Response to Finding #2**

*As of fiscal year 1997, an end-of-the-year final expenditure report was required of each grantee before final payment was issued. For fiscal year 1998, we are requiring a mid-year expenditure report as well as an end-of-the-year report from each grantee.*

<b>FINDING #3:</b>	<b>The statewide areas of critical need and Success Leads to Success grants are not awarded by DESE based on an objective, competitive process.</b>
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None of the grant projects examined by the Oversight Division were awarded by DESE on an objective, competitive basis for fiscal years 1994 through 1997. The grant files did not include evidence of an objective evaluation process. From fiscal year 1994 through 1997 the grant proposals were evaluated by DESE professional development staff; however, an objective review process was not in place. Because of the amount of funding available, most of the applications were funded. In addition, DESE had no formal process for advertising the availability of the grants to qualified applicants.

For FY 1998 DESE informed schools of the grants and formed groups of grant readers, including teachers from various school districts, to review the grant proposals. However, the readers only evaluated proposals for new projects. Continuing projects from prior fiscal years were not included in this review process.

The critical needs professional development funding is allowed by statute to be distributed to seven different types of organizations, including school districts. The needs are considered by statute to be statewide. Lack of objective, competitive criteria for awarding grants could result in the awarding of grants which do not include input from a variety of qualifying organizations. For example, the Practical Parenting Partnerships (PPP) is a center located in Jefferson City for training schools in the entire state. The grant for the administration of the center was awarded to Jefferson City Public Schools in the amount of \$360,000 in FY 98; \$360,000 in FY

97; \$260,000 in FY 96; and \$200,000 in FY 95. The PPP files do not indicate that any other Missouri public schools were considered in determining the grantee for the center.

### **RECOMMENDATION TO FINDING #3**

The Oversight Division recommends DESE annually notify qualifying organizations of the availability of the grants and apply objective criteria to all grant proposals.

### **Agency Response to Finding #3**

*This recommendation was implemented in fiscal year 1997 with a letter sent out to all current and prospective applicants. In addition, two statewide informational meetings were held in February and March 1997 to discuss the availability of professional development grants. In fiscal year 1998, a letter was sent out in November to all current and prospective applicants, and three statewide informational meetings have been or will be held in December 1997, January 1998, and February 1998.*

<b>FINDING #4:</b> DESE does not maintain a record of equipment purchased with grant funds for all of the grant projects.
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Although DESE appears to inventory the equipment for the Regional Professional Development Centers since FY 1997, the DESE staff do not maintain inventory listings or tag the inventory for the other grant projects.

The draft of DESE's grants management process document to be implemented in fiscal year 1998 states, "All materials prepared or purchased with funds provided by this grant are the property of the Department." Therefore, it appears DESE's intent is to maintain inventory listings. DESE has not been following this practice since the beginning of the professional development funding in fiscal year 1994.

Grantees could be purchasing equipment with state grant funds and retaining the inventory after the grant terminates or selling the inventory and not returning any proceeds from the sale to DESE.

#### **RECOMMENDATION TO FINDING #4**

The Oversight Division recommends DESE maintain inventory listings and tag inventory for all of the professional development projects and consider obtaining possession of the inventory after termination of the grant or receiving a portion of the proceeds from the sale of the inventory.

#### **Agency Response to Finding #4**

*We concur with this recommendation. Although a list is required by each contracted vendor, we will maintain complete inventory listings at the state level for those projects which are contractual in nature and as noted in each contract, will obtain possession should that project terminate.*

<b>FINDING #5:</b>	<b>DESE has not complied with state law which requires promulgation of rules and regulations for the distribution of critical need funding.</b>
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Section 160.530, RSMo, states that beginning with FY 1994, ninety percent of one percent of DESE's appropriation otherwise distributed to schools shall be distributed by the Commissioner of Education to address statewide areas of critical need by rule and regulation.

DESE has not finalized the draft of the critical need rules. As a result, DESE has been awarding critical need grants without clear guidance, as rules have not been promulgated since the enabling legislation went into effect in FY 1994.

#### **RECOMMENDATION TO FINDING #5**

The Oversight Division recommends DESE publish rules related to critical need grants in order to provide clear guidance on DESE's awarding and monitoring procedures.

#### **Agency Response to Finding #5**

*We do not completely concur with this recommendation. An administrative rule currently exists for the "Success Leads to Success" program. Currently, the State Board individually approves each project prior to funding. We will take into consideration the recommendation to adopt a broader rule on this issue.*

<b>FINDING #6:</b>	<b>The Commission on Performance (Commission) and Missouri Advisory Council of Certification for Educators (Advisory Council) do not appear to be advising the Commissioner of Education regarding the distribution of critical need funds, as required by statute.</b>
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Section 160.530, subsection 2, RSMo, requires the Commissioner of Education to distribute critical need funds with the advice of the Commission and Advisory Council.

After discussions with DESE staff and a review of meeting minutes, the Commission and Advisory Council do not appear to be involved in advising the Department regarding the distribution of critical need funding.

The commission minutes from the October, 1993, meeting stated the Commission would receive periodic reports about State Board action on critical needs. The Commission gave the following advice to the State Board: "1. The State Board of Education and others are to look at how, under state statutes, the areas of critical need are to be determined; and 2. There should be an assessment of the effectiveness on how professional development funds are spent at all levels to measure benefits from the expenditures of these funds." The Commission has not had a meeting pertaining to the statewide areas of critical need since October, 1993.

The Advisory Council is not involved in the determination and evaluation of critical need expenditures. They are just notified that the critical need expenditures were made. However, the expenses of the Advisory Council are paid from PD funds and totalled \$18,604 in FY 1997.

#### **RECOMMENDATION TO FINDING #6**

The Oversight Division recommends the Department request the advice of the Commission and Advisory Council when distributing critical need funds, as required by state law.

#### **Agency Response to Finding #6**

*We do not concur. The Department will take this recommendation under advisement. The Commission on Performance did advise the department, and the department regularly consults with MACCE on professional development issues.*

**Oversight Division's Comment to Finding #6**

The Oversight Division was not provided documentation supporting the involvement of the Commission and Advisory Council.

<b>FINDING #7:</b> A systemic evaluation project was not completed by the contracted due date.
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The systemic evaluation project was awarded through the Office of Administration bid process. The contract was for \$189,846, and the period was from December 20, 1996 through December 19, 1997. DESE informed the contractor a draft of the final report would be needed by December 1, 1997. DESE has paid \$76,104 for work on the evaluation, but DESE is still waiting on a deliverable draft from the contractor.

The purpose of the contract is to provide, with the assistance of a consultant, a comprehensive assessment of a representative set of public elementary and secondary schools that are participating in major reform efforts. The assessment will provide quantitative survey data from teachers and administrators on the levels of implementation of educational practices that have been identified as potentially relating to best practices for the development of schools as high performance learning communities.

The invitation for bid (IFB) includes reporting requirements which state that "at least two weeks prior to the submission of the final report, the contractor shall present a draft of the final report." However, the contractor failed to deliver a draft report.

**RECOMMENDATION TO FINDING #7**

The Oversight Division recommends DESE receive evidence of work performed before paying a contractor and include penalty provisions in future contracts for failure of the contractor to deliver a report by the contract due date.

**Agency Response to Finding #7**

*We do not concur with this recommendation. The Department entered into a contract with this vendor in fiscal year 1997 for \$189,846. We paid this contractor \$76,104 in June 1997 for work performed during the Spring of 1997. No additional payments have been made to the vendor as the deliverables due in December have not been received. Since this was a contract awarded through the Office of*



*Administration's (OA) bid process, we have since worked with OA to extend this contract until March 1998 with no additional funding. We do monitor contracts entered into, to ensure that deliverables are accepted prior to payment.*

<b>FINDING #8:</b> DESE appears to be using a portion of the professional development funds for administrative purposes.
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DESE awarded a \$79,000 contract to evaluate professional development activities at state, regional and local levels, funded by professional development. Consulting services would provide expertise to formulate and conduct evaluations of the Regional Professional Development Centers situated in nine locations around the state.

Section 160.530, RSMo, authorizes the PD funding but does not include a provision allowing administrative costs to be funded from PD money.

The consulting services appear to involve an administrative monitoring function of DESE paid with PD funding.

#### **RECOMMENDATION TO FINDING #8**

The Oversight Division recommends DESE allocate existing staff to perform monitoring of the PD grants or request through the budget process additional resources to enable DESE to effectively monitor the programs.

#### **Agency Response to Finding #8**

*We do not concur with this recommendation. The Regional Professional Development Centers collaborated in creating one single evaluation-feedback mechanism that they can use for continuous improvement and assure access to high quality professional development opportunities throughout the state. We encouraged one evaluation rather than nine separate models which would not have given global comparative information for centers to use. We feel this is a programmatic expenditure rather than an administrative expenditure, and thus proper to fund with professional development monies.*

**Oversight Division's Comment to Finding #8**

Contracted evaluations would not be necessary with the implementation of Finding #1.

<b>FINDING #9:</b> DESE does not have documentation of the grants awarded in fiscal year 1994, some of which are ongoing.
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DESE awarded \$6 million in grants in FY 1994, but documentation does not exist to support the criteria used to award the grants.

DESE is the administrative agency responsible for distributing the one percent of state aid otherwise distributed to public schools for statewide areas of critical need and Success Leads to Success grants. Therefore, documentation should be maintained by DESE to support the grant awards, especially since some of the awards have been ongoing since FY 1994.

**RECOMMENDATION TO FINDING #9**

The Oversight Division recommends DESE objectively evaluate projects annually to determine if grants should be awarded, including ongoing grants.

**Agency Response to Finding #9**

*DESE initiated procedures with the fiscal year 1995 projects to evaluate proposals and determine whether grants should be awarded.*

<b>FINDING #10:</b> DESE does not require grantees to submit their grant applications, budgets, or final expenditure reports in a standard format.
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The grantees submit the applications, budgets and final expenditure reports in a format chosen by the grantees, resulting in varying levels of detail submitted by the grantees.

DESE, as the grant administrator, is responsible for developing and reviewing the grant documents. However, DESE has not developed a standard format for these documents.

Without comparable information about each grant applicant, the merits of the grant proposals are not likely to be objectively evaluated.

### **RECOMMENDATION TO FINDING #10**

The Oversight Division recommends DESE develop standard grant applications, budgets and final expenditure reports in order to receive consistent, detailed information from the grantees to be reviewed by DESE.

### **Agency Response to Finding #10**

*The Department has developed a standard grant application, budget sheet, and mid-year expenditure report. The grant application and budget sheet was required of all grantees with the 1996-97 application. The mid-year report was developed in fiscal year 1997 for use in the 1997-98 application year. A standard final expenditure report is in the process of being developed; however, grantees have always been given guidelines to follow when completing and submitting the final expenditure report.*

### **Oversight Division's Comment to Finding #10**

The Oversight Division noted the applications and budgets were not standardized for FY 1997, and the mid-year reports had not been received on any grants at the time of fieldwork.

